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The Commonwealth of Massachusetts

The Alcoholic Beverages Control Commission

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100 Cambridge Street, Boston 02202

TELEPHONE: 727-3040

A N N U A L R E P O R T

Fiscal Year 1986

GOVERNMENT DOCUMENTS
COLLECTION

NOV 18 1988

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George R. McCarthy, Chairman
Eunice P. Howe, Associate Commissioner
Daniel P. Matthews, Associate Commissioner

June 30, 1986

In accordance with the provisions of Massachusetts General Laws, Chapter 6, §44, the Alcoholic Beverages Control Commission files herewith the report of its action and of the conduct and condition of traffic in alcoholic beverages in the Commonwealth for the Fiscal Year ending June 30, 1986.

The Alcoholic Beverages Control Commission (hereinafter referred to as the Commission or the ABCC), was created in 1933 by M.G.L. c.6, §43. The Commission has the general supervision of the conduct of the business of manufacturing, importing, export, storing, transporting and selling alcoholic beverages. Further, it supervises the quality, purity and alcoholic content thereof by virtue of M.G.L. c.6, §44. The Commission is Comprised of a Chairman and two Associate Commissioners. The present Chairman is George R. McCarthy and the Associate Commissioners are Eunice P. Howe and Daniel P. Matthews.

The Offices of the Commission are located at 100 Cambridge Street in Boston on the 22nd floor.

The Commission sets policy and standards and advises local licensing Boards; the Commission sits as a quasi-judicial body, hearing appeals from local boards, protests, violations of the Liquor Control Act and conducts public hearings.

ADMINISTRATIVE SECTION

The ABCC is the sole issuing authority for alcoholic beverages licenses to manufacturers (distillers, brewers, breweries and wineries, etc.) wholesalers and importers, railroads, airlines, steamships and ship chandlers. It is the sole issuing authority of liquor transportation permits for express or trucking companies, steamships, railroads, airlines and liquor retailers. It licenses salesmen employed by manufacturers, wholesalers and importers.

Massachusetts has a two tiered system for liquor licensing. Each city or town which has voted to permit the sales of alcoholic beverages has its own licensing Board or Commission. These Boards/Commissions

are the sole licensing authority for hotels, restaurants, taverns, clubs and package stores within their communities. While Boards/Commissions do the actual issuing of these licenses, they are subject to approval by the ABCC.


During Fiscal Year 1986, the Commission issued approximately 14,000 permits and licenses. It also processed applications for licenses and license changes (transfer and/or pledges of licenses and/or stock, changes of manager, officers etc.) forwarded from local Boards/Commissions.

Each of these involves a review for compliance with statutes and regulations, cross checking with the Department of Revenue for compliance with the tax laws of the Commonwealth and considerable contact with licensees, applicants, their agents/attorneys and the local Board/Commission.

During this Fiscal Year, the Administrative Section handled 4,187 transactions, as follows:

Original License Applications	792
License Transfers	1108
Late Renewals	45
Changes in Description of Premises	275
Changes of managers	996
Stock Transfers; License & Stock Pledges	584
Changes of Officers or Directors	121
Changes in License Classifications	65
	<hr/>
	3986
Disapprovals	201
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TOTAL	4187

A significant function of the Administrative Staff is responding to numerous telephone and written inquiries from local licensing boards, government agencies, licensees, applicants and the general public concerning the status of applications, procedures for obtaining licenses and appealing decisions, state and local laws and regulations, public policy and matters of a technical as well as a general nature.



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INVESTIGATORY SECTION

Part of the ABCC is an Investigatory Staff, members of which are designated as "Special Assistants to the Commission." It is charged with assuring that those involved in the liquor industry comply with Massachusetts Law and A.B.C.C. Rules and Regulations. To insure compliance, they investigate complaints and make frequent on-site visits to, and inspections of retail, wholesaler/importer premises. Investigators interview license applicants, investigate their financial status and check their corporate and police records, if any. Newly licensed premises are required to be visited to insure that they comply with applicable statutes and codes.

Licensed establishments are inspected on a regular basis. When apparent violations are found, a report is submitted to the Commission, a formal hearing is held and adjudicated. Investigators are required to prosecute their cases before the Commission. From time to time, the Investigators carry out special orders of the Commission and assist local police departments and local licensing authorities.

HEARINGS

During Fiscal Year 1986 the Commission held 381 formal hearings. (See Statistical Analysis). Hearings are open to the public and written decisions are rendered. Decisions of this Commission are kept on file with the Agency, the Social Law Library at Suffolk County Courthouse in Boston. They are also reported monthly in the Massachusetts Beverages Journal, and other trade publications which are distributed to licensees.

Commission decisions concern matters of public interest and are often reported in the mass media. The Commission encourages wide dissemination of its decisions as it puts licensees on notice that compliance with the laws and regulations are expected. Decisions also furnish guidelines to the industry for compliance.

STATISTICAL ANALYSIS OF HEARINGS

	1982	1983	1984	1985	1986
Appeals	155	170	151	135	159
Protests	22	17	11	13	16
Reappeals/Reconsiderations	4	8	0	4	2
Violations	115	89	126	157	172
Investigatory Hearings	5	1	3	13	0
Remands from Superior Court	0	2	2	0	1
Disputed Liquor Bills	14	0	1	4	0
Tax Protests	20	15	16	2	0
Public Regulatory Hearings	1	2	1	9	0
Section 25E cases*	0	0	0	13*	12*
Pre-Trial Conferences	0	0	0	23	19
TOTALS:	336	304	311	373	381

*§25E cases are hearings concerning disputes between manufacturers and wholesalers. Previously they were listed under "Violations".

Department of Revenue - Taxes

Since 1976, this Commission has co-operated with the Massachusetts Department of Revenue in assisting in the collection of overdue taxes from licensees who attempt to transfer their licenses or interest in their businesses. Prior to approving such transfers, the Commission requires proof of tax compliance. The tax dollars collected under this program for the last five years are as follows:

Period Ending:	June 30, 1982	\$ 635,556.34
	June 30, 1983	1,112,427.51
	June 30, 1984	1,672,222.49
	June 30, 1985	1,824,418.89
	June 30, 1986	<u>1,924,693.75</u>
	Total:	\$ 7,169,318.98

Fines

Under the provisions of M.G.L. c.138, §23, when the Alcoholic Beverages Control Commission suspends a license, the Commissioners in their discretion, may accept a fine in lieu of such suspension. The amount for the last five (5) fiscal years are as follows:

Period Ending:	June 30, 1982	\$ 51,166.10
	June 30, 1983	151,709.10
	June 30, 1984	201,672.06
	June 30, 1985	135,286.53
	June 30, 1986	<u>233,544.00</u>
	Total	\$ 773,377.79

FINANCIAL STATEMENT

Fiscal Year - July 1, 1985 Ending June 30, 1986

	Number of Permits Licenses/Fees Issued	Amount
Fines in Lieu of Suspension	N/A	\$ 233,544.
Manufacturer's License - Wineries	13	834.
Manufacturer's License - Breweries	0	0
Wholesaler's & Importer's - All Alcoholic	58	290,000.
Wholesaler's & Importer's - Wines & Malt	37	92,500.
Wholesaler's & Importer's - Sacramental.	4	5,000.
Certificates of Compliance (\$250)	286	71,550.
Certificates of Compliance (\$50)	620	31,000.
Special Permits	194	1,249.
Commercial Alcohol License	3	1,500.
Agents, Brokers & Solicitors	77	77,000.
Filing Fees	2,756	68,900.
Storage Permit - Warehousemen	16	1,600.
Storage Permit - Annual	18	9,000.
Storage Permit - Bonded Warehouse	4	800.
Salesmen Permits	1,528	38,200.
Transportation Permit - Licensee	3,717 + 1 Dup.	55,758.
Transportation Permit - Railroad	1	300.
Transportation Permit - Airline	1	300.
Transportation Permit - Steamship	1	300.
Railroad License - Master	2	200.
Railroad License (\$10)	51	510.
Airline License - Master	36	5,400.
Airline License (\$10)	350	3,500.
Steamship License	144	14,400.
Express Permits - Master	206	5,150.
Express Permits - Transportation	3,619 + 1 Dup.	54,288.
Ship's Chandler's	4	1,000.
Miscellaneous Income	N/A	747.
	13,686 + 2 Dup.	\$ 1,064,530.

STATEMENT OF APPROPRIATIONS AND EXPENDITURES:

APPROPRIATIONS:

Personnel Services	\$ 975,956.
Expenses	<u>182,984.</u>

EXPENDITURES:

Personnel Services	918,690.
Expenses	151,539.
Accounts Payable	<u>24,828.</u>

Balance Unexpended - Returned to

Treasurer and Receiver General: \$ 63,993.00



